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C O N F I D E N T I A L SECTION 01 OF 04 CAIRO 006016

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NSC FOR RICK WATERS

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SUBJECT: NO SURPRISES AT NDP PARTY CONFERENCE

REF: CAIRO 5430

Classified By: DCM Stuart Jones for reasons 1.4 (b) and (d).

11. (C) SUMMARY: The ruling National Democratic Party's annual party conference, convened under the banner "New Thinking ... and the Second Leap Towards the Future," closed on September 21, following three days of animated speeches, discussion panels, plenary sessions, and discourse on policy papers. Despite a rhetorical emphasis on reform, both economic and political, few details were fleshed out as to the substance of the package of 20-25 constitutional amendments set to be debated during the upcoming parliamentary session (which will open in November). Repeated comments by speakers throughout the conference, "rejecting" a "new" or "greater" Middle East reflected frustration with the U.S., as well as a desire to score points domestically by striking out against the West. President Mubarak stressed the need to reinvigorate the peace process, and Gamal Mubarak publicly premiered Egypt's intention to pursue development of a nuclear energy program. Gamal was the clear star of the show, overshadowing his counterparts in the NDP party apparatus. Many Embassy contacts view Gamal's performance as a further burnishing of his leadership credentials and cementing of his position to become the NDP's next presidential candidate. Gamal's coy abjurations aside, it is clear from the events of the conference, and his place in the party limelight, that he is positioning himself to do just that. END SUMMARY.

12. (C) The ruling National Democratic Party's annual party conference, convened under the banner "New Thinking ... and the Second Leap Towards the Future," closed on September 21, following three days of animated speeches, discussion panels, plenary sessions, and discourse on policy papers with titles such as "Citizenship and Democracy", "Egyptian National Security and the Future of the Middle East", "Employment and Investment Policies", and "The Future of Energy." Hundreds of politicking and glad-handing NDP members from across the country crowded into the massive conference hall, alongside cabinet ministers, press, and "foreign visitors" (including a few diplomats and a U.S. congressional staffer, but also many American, European, and Asian academics and NGO personnel). Major speeches of the event included opening addresses by NDP Secretary General Safwat al-Sherif and Assistant Secretary General Gamal Mubarak, comments to a plenary session by PM Ahmed Nazif, and remarks by President Mubarak at the closing session. All of the speakers highlighted broad themes of continued economic liberalization and upcoming constitutional changes.

NO FURTHER DETAILS ON POLITICAL REFORM, CONSTITUTIONAL
AMENDMENTS

13. (C) While "reform," both political and economic, was on

the lips of virtually every speaker at the conference, and was clearly the main rhetorical theme of the event, details of the 20-25 constitutional amendments that are set to be debated during the coming session of parliament (which will begin in November) were not discussed. Various speakers outlined the broad parameters of the amendments, largely drawing from the platform laid out during last year's presidential campaign. President Mubarak, in his closing comments to the conference, stated, "The next year will be a year of constitutional amendments, the largest and widest since 1980, the features of which I proposed last year, in a new step that completes the structure of our Egyptian democracy." NDP Assistant Secretary General for Parliamentary Affairs Mufeed Shehab, in comments during a plenary session, stated that the proposed amendments will address various key issues, including, "empowering the People's Assembly with the right to withdraw confidence from the government without referring the issue to a public referendum; giving parliament a more substantive role in budgetary oversight; strengthening the powers of the Shura Council; strengthening the powers of the cabinet (for example, by requiring the President to seek the opinion of the PM, Speaker of the People's Assembly and Shoura Council in cases where national security is threatened, and allowing the cabinet to review decrees before they are referred to the President), increasing the powers of local councils, and revising the electoral system so as to support the chances of representation of political parties and women in Parliament."

14. (SBU) Gamal Mubarak commented during a plenary session that the scope of the proposed constitutional amendments, "... is unprecedented, and will shape the constitutional life of Egypt for at least the next 30 years." He noted during a

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subsequent press conference (when queried about the lack of detail during the conference on the proposed amendments) that the Parliament and Shura Council had discussed the amendments in committees during the previous parliamentary session, and would debate them in further detail in the coming session.

15. (C) During the plenary session on "Citizenship and Democracy," anxious NDP parliamentarians raised several questions from the floor regarding the specifics of how the proposed proportional representation electoral system would work. Both Gamal Mubarak and panelist Mohamed Kamal (NDP Policy Committee member, Gamal advisor, and the "idea man" behind many of the proposed political reforms) highlighted that, while the end goal is to foster political parties and enhanced participation of women in Egyptian political life, no final decisions had yet been taken regarding a new electoral system, and that Parliament would debate its precise shape and mechanisms. Both also noted President Mubarak's decision that the new electoral system will not be utilized for the upcoming spring 2007 Shura Council elections, but will be in force for all subsequent elections.

16. (C) No mention was made throughout the conference of the controversial proposed amending of Article 88 (which provides for judicial supervision of the elections) to create an electoral commission to oversee elections. There was no formal discussion of the possibility of amending constitutional Articles 76 and 77 (to ease the rigorous requirements to become a presidential candidate, and to institute term limits, respectively), although Gamal noted, in response to query at his press conference on those specific articles, that "of course we welcome discussion from all parts of Egyptian society regarding any constitutional amendments ... but we are now focused on the President's program, as outlined during the election campaign, and he already amended Article 76 last year."

17. (C) Conference speakers, including President Mubarak, repeatedly referenced the ongoing drafting of a new

Anti-Terror Law, to allow lifting of the Emergency Law (in force since 1981). In response to questions from the floor, Mufeed Shehab noted that the new legislation will not replace the Emergency Law, but rather will abolish the state of emergency - "the Emergency Law will still be in our desk drawer, but will only be invoked should domestic national security be threatened."

SUBTEXT: A CHILL IN THE U.S.-EGYPTIAN RELATIONSHIP

18. (C) Comments by speakers throughout the conference reflected frustration with American policy in the Middle East, as well as a desire to score points domestically and increase the NDP's popular credibility, by striking out against the United States. In his opening remarks to the conference, Gamal Mubarak earned the loudest applause of the day when he declaimed, "We reject foreign initiatives that daily attempt to erase Arab identity through what is called the Middle East Initiative Project We don't accept powers from outside the region trying to make a new reality in the Middle East!" Safwat al-Sherif also earned roaring applause when he stated, "We reject the idea of a new or greater Middle East, and aggressive policies in Lebanon, and foreign forces in Sudan."

19. (C) In subsequent comments throughout the conference, in the context of discussions on the U.S.-Egyptian relationship, Gamal and other NDP officials repeatedly referenced Egypt's burgeoning relationship with China, intimating that Egypt's other relationships make it less dependent than it once was on the U.S.. At an invitation-only panel session for foreign observers, Gamal was queried as to how he envisions U.S.-Egyptian relations looking in 3-5 years. His reply: "The premise upon which the U.S.-Egyptian relationship was established in the late 1970's is no longer the correct basis for it. The AID program was the pillar of the relationship) it can no longer be, and we no longer need it to be. There is now trade and investment with many partners. We experienced the hiccup of no FTA with the U.S., while we have an FTA with Europe and Turkey, and have burgeoning trade relationships with Asian countries. We need to redefine the word "close" in our relationship ... we must listen to each other. There has not been much of that in the past few years. Lots of talking, but little listening. The 9/11 paradigm cannot continue to dominate U.S. thinking, so that it does not listen to its allies and friends."

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MUBARAK: RESTART PEACE PROCESS

110. (SBU) While reflecting similar frustration with the U.S., President Mubarak was more restrained in his public comments, and highly focused on reinvigorating the peace process, noting in his speech that, "... The failure and aborting of the peace process is at the core of the Middle East problem. It is high time for international forces to acknowledge this fact and deal with it in a serious and fair effort without delay. Any talk about a greater or new Middle East ignores this fact... We live in a region that is going through a critical phase of disturbances and instability ... which sees attempts to impose a new regional reality that does not suit the circumstances, conditions, and priorities, and fails to see the challenges faced by its people ... Any talk of the war on terror must be accompanied by a discussion of the root causes and an urgent move to find fair solutions to unresolved issues that feed feelings of anger and extremism, and gives terrorism pretexts and reasons."

GOING NUCLEAR

¶11. (C) In his September 19 opening speech to the conference, Gamal noted that Egypt needs to explore alternative energy options, "among them, nuclear energy." In later comments, Gamal stressed that as a signatory to the Non-Proliferation Treaty (NPT), Egypt has the right to develop and possess nuclear energy to be utilized for peaceful purposes. His comments were echoed in subsequent speeches by other top NDP officials, including President Mubarak. These remarks, the first time in recent years that an Egyptian official has made public reference to Egypt's ambitions for nuclear energy, and made against the backdrop of continued tensions regarding Iran's nuclear program, seemed aimed at reasserting Egypt's pre-eminence as a regional leader, and re-establishing the GOE's Arab nationalist credentials domestically, particularly in the wake of the Lebanon crisis. U.S. representative to the IAEA Ambassador Schulte and U/S Robert Joseph had both previously discussed the Global Nuclear Energy Partnership with the GOE (reftel). We will follow up with the PM's office and the Ministry of Electricity, who will be directing Egypt's nuclear energy efforts. Further detail on Egypt's potential nuclear power program reported septel.

GAMAL ASCENDANT

¶12. (C) The conference was nominally presided over by NDP Secretary General Safwat al-Sherif, but the real star of the

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show was Gamal Mubarak, whose involvement in the activities (an hour-long speech at the opening session, chairmanship of several discussion panels, speeches to virtually every plenary session, and an individual press conference) overshadowed that of Sherif, PM Nazif, or any other NDP official, including his counterparts in the NDP hierarchy, Assistant Secretary Generals Mufeed Shehab and Zakaria Azmy. Gamal appeared confident throughout the conference proceedings, more relaxed than at previous party conferences, and his command of a range of subjects - from improving railway services and privatization, to health sector reform, to the minutiae of various electoral systems - was impressive. Gamal's premiering of the NDP's plans to explore nuclear energy options, coupled with his implicit criticism of the U.S., seems indicative of a shrewd political gambit aimed at redefining himself as a strong Egyptian nationalist.

¶13. (C) Throughout the conference, Gamal seemed to be trying to strike a populist tone and reaching out to a less privileged Egyptian constituency, perhaps in response to criticisms over the past year that Gamal, and the NDP, are out of touch with the lives of ordinary Egyptians. For instance, in his opening speech Gamal said, "Many assumed I would use the conference's opening speech to proudly list the achievements of the government and party members. They will be disappointed, because in this conference I aim to focus on the hardships suffered by ordinary Egyptian citizens from Marsa Matrouh in the west to Sinai in the east and Aswan in the south ... The principal job of participants at this conference is to air the hardships and grievances which poor families face, ranging from water pollution and disease in cities like Kafr Al-Sheikh and Kafr-Al Zayat to severe unemployment in Upper Egypt."

¶14. (C) Many Embassy contacts view Gamal's performance at the NDP conference as a further burnishing of his leadership

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credentials and cementing of his position to become the NDP's candidate when the next presidential elections are held. Such speculation was furthered by the widely reported comments of prominent NDP reformer Hossam Badrawi to the NDP newspaper Al Watany Al Yom on the first day of the conference that, "We as a party have the right to nominate (as a

presidential candidate) he who has the leadership qualifications, and he, if it is Gamal Mubarak, may accept or reject that nomination And this is not 'inheritance of power', because at the end of the day, it must take place in a framework of transparency and democracy." When queried about Badrawi's comments during a subsequent press conference, Gamal stated, "I have been asked this question many times before. I cannot prevent people from saying what they want People in the party debate a lot of issues. And they can say what they want about all issues, including this one." Coy abjurations aside, it is clear from the events of the conference, and his front and center place in the party limelight, that Gamal is positioning himself as the next top leader of the NDP.

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